

# **ERITREA**

**RURAL ENTERPRISE INVESTMENT PARTNERSHIP  
Cooperative Agreement No. 661-0009-4-00-6503-00**

**Report On Program Implementation**

**January 1, 2003 –March 31, 2003**

Submitted by

**ACDI/VOCA**

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## **List of Acronyms**

ACDI/VOCA	- The former Agricultural Cooperative Development International, now merged with Volunteers in Overseas Cooperative Assistance
CA	- Credit Administrator, CBER
CBER	- Commercial Bank of Eritrea
EIF	- Enterprise Investment Fund
GOSE	- Government of the State of Eritrea
NCEW	- National Confederation of Eritrean Workers
REIP	- Rural Enterprise Investment Partnership
REU	- Rural Enterprise Unit
USAID	- United States Agency for International Development

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## ***BACKGROUND***

ACDI/VOCA signed a cooperative agreement with USAID for the REIP program in September 1996. Implementation began in October 1996 with an ACDI/VOCA team of three: Sandra Blanchard (ACDI/VOCA Representative); Michael A. O'Neill (Senior Banking Advisor); Gavin Olney (Enterprise Advisor). At that time, ACDI/VOCA was responsible for managing both the enterprise development and the banking components of the project. The original design of the REIP Program, with a linked assistance to borrowers and bank, was superseded during the third quarter by an agreement between USAID and the GOSE that the enterprise development component with both the REU and Investment Fund would be removed from ACDI/VOCA's control and placed under direct supervision of the GOSE. The formal REIP agreement between USAID and GOSE was finally signed on September 30, 1997, the last day of Year I.

During the period from October 1, 1997 to March 31, 1998 the REIP program was modified, the Rural Enterprise Unit (REU) was redefined and commissioned and the operating criteria, policies and procedures for the Enterprise Investment Fund (EIF) were set up. In March 2002, an assessment team made up of ACDI/VOCA senior Business Development Services Specialists traveled to Asmara to design the second phase of REIP. The REIP work plan was revised in response to requests made by the CBER. In the fall of 2002, ACDI/VOCA was asked to develop a proposal for an extension phase of the REIP program, focusing on particularly pressing issues in Eritrean rural enterprise development. In December 2002, ACDI/VOCA submitted a final extension proposal focusing on small and medium enterprise development in the Horticulture sub-sector, in addition to a cooperative development component, carrying the project through December 2003.

## ***PROGRAM MANAGEMENT ( January – March 2003)***

**Program Design:** During this quarter, REIP staff engaged in developing the revised work plan for the remainder of the original contract period in addition to the extension period. This revised work plan refocused ACDI/VOCA's training activities from intensive training modules for bank credit staff to training aimed at improving the credit application process. The new work plan activities concentrate on improving the quality of market-oriented feasibility studies/business plans submitted to CBER as part of the credit application process, which the GM feels will significantly reduce the workload of credit officers and expedite the credit approval process. Completion of the final revised workplan has been slightly delayed due to a delay in fielding an appropriate candidate for the Agricultural Marketing Position, and ACDI/VOCA's belief that the person taking on that position should have the opportunity to make a substantial contribution to the final workplan. The final extension workplan will therefore be submitted by April 15, 2003.

## ***CBER ACTIVITIES ( January – March 2003 )***

### **Overview**

CBER's operations still have not returned to "normal" and the delays in demobilization continue to affect the bank's operations. Staff demobilization seems to be stalled indefinitely. The planned automation of the bank's operations, which would have mitigated the affects of staff shortages, has fallen behind schedule. Nevertheless, ACDI/VOCA continues to actively contribute to technical assistance in computer training in an attempt to overcome these impediments.

### **Training Redesign**

As mentioned above, the redesigned training activities aim to build the skills of private consultants, REU staff and credit officers to raise the quality of feasibility studies and business plans submitted to the CBER, contributing to the efficiency of the credit application and review process.

- *Train local consultant and REU staff on how to conduct a sub-sector market analysis.* The consultants and the REU staff, with assistance from volunteer sector specialists, are undertaking sub-sector studies to provide detailed market information for SME entrepreneurs, private consultants, the CBER, and donors as references to facilitate enterprise development. So far, studies have been completed for the residential housing, fisheries and horticulture sub-sectors.
- *Train selected credit officers in the use of computers for database management.* ACDI/VOCA has arranged to pay for training in Advanced Computer Programming to 12 CBER staff (in addition to 18 who got three months training) as well as procuring and shipping computers and ancillary equipment

## ***REU ACTIVITIES (January – March 2003)***

### ***Poultry Training Component:***

During the month of January, the REU hosted third time volunteer Dr. Kendrick Holleman, who gave a three-day Training on the Marketing Eggs and Poultry based on the training manual prepared by ACDI/VOCA volunteer Sharon Ann Fee in April 2002. Fifteen participants from the commercial poultry sector, the REU and the Ministry of Agriculture attended the six days of training. Topics covered in the eggs and meat marketing included:

- 1) Marketing plan and strategy
- 2) Egg quality factors

- 3) Egg quality determination
- 4) Packaging and identification
- 5) Poultry meat processing
- 6) Cooling
- 7) Packaging and labeling

As in the previous three trainings, Dr. Holleman concluded the training with some recommendation. Based on the recommendations, Mr. Yusuf Abdalla, owner of Mother Poultry Farm in Mendefera – Debub with 15,000 birds, has reduced feed wastage to a minimum amount in his farm. He has done so by adjusting the feeders height to the level of the birds backs and by introducing feeders having lip inside that helps prevent feed wastage. Moreover, Mr. Yusuf, following the volunteer’s advice, has started to cull his non-productive hens, which are wasters of feed, and market them for meat.

In addition to the main training module, Dr. Holleman gave a three-day training on poultry management from Module I of the manual as a revision, on the request of the participants.

### ***Horticulture Component:***

Kevin Lombard, a Horticulture Production Advisor, who has also participated in the sub-sector study, arrived in Asmara in January to work with REU and MOA horticulture Department. The Agricultural Marketing Advisor, Mr. Daniel de Reuck, was fielded in March and arrived in Asmara March 31 to commence his assignment.

During January and February of this year, ACIDI/VOCA conducted a horticulture sub-sector analysis, the aim of which was to provide Eritrean small and medium enterprises and investors with detailed information on market opportunities throughout the horticulture value chain. Prior to conducting the sub-sector study, ACIDI/VOCA technical specialists provided training on sub-sector methodology to a team consisting of three members of the REU staff, 2 MOA officials, and a private consultant from the Eri-Fruits PLC, as well as Mr. Lombard. The team, led by ACIDI/VOCA consultant Stanley Karuga, spent three weeks conducting field-level interviews in the main producing areas of Gash Barka, Anseba, Maekel and Debub Zoba and main consuming areas of Asmara and Keren, during the period 27<sup>th</sup> January to 13<sup>th</sup> of February 2003. Interviewees included field staff of the Ministry of Agriculture (MOA), commercial input suppliers, commercial farmers, farmer associations, traditional farmers, parastatals (Sawa Agro-industries, Afhimbol Agro-industry, Elabered Estate, Barka Canneries), transporters, NGOs (CARE, ACORD and Haben), donors (USAID, FAO, UNDP), consultants, financial institutions, private foreign investors, wholesalers and retailers among others. A half-day stakeholder workshop was held Feb. 19<sup>th</sup> to present results and table discussions with key stakeholders and participants.

**The outcome of the sub-sector study has been summarized in two volumes and submitted to the REU and to the USAID (only the Horticulture Sub-Sector Investment Guide).** The study and analysis indicated that the Eritrean horticulture subsector is predominantly serving the domestic market at the present time. Bananas, tomatoes, oranges and onions dominate the subsector both in terms of volume of production and hectares. The horticultural subsector is a major source of income for small to medium sized farmers as well as the large number of other actors, especially wholesalers, retailers and transporters. The MOA is a major player given its present role of providing a wide range of inputs to both commercial farmers and parastatals. These findings form the basis for the horticulture component of the REIP extension workplan, to be submitted by April 15, 2003.

#### ***NCEW ACTIVITIES (January – March 2003)***

A Volunteer, Mr. Johnney L. Williams, a Certified Public Accountant, conducted two training workshops on Accounting and Bookkeeping for Agricultural Cooperatives. The two workshop were attended by 45 participants (12 female, 33 male) from the NCEW, Ministry of Fisheries, Trade and Industry staff and beekeepers' association. Ministry of Local Government and Ministry of Agriculture. The Participants were selected based on having been involved in pre-cooperatives, and as potential cooperative organizers and helpers in developing cooperatives.

The subjects covered during this training were :

- 1) Balance Sheet
- 2) Income Statement
- 3) Statement of Cash Flow
- 4) General Ledger.
- 5) Patronage
- 6) Member Accounts
- 7) Retained Earnings

#### **ACTIVITIES FOR THE NEXT QUARTER (April – June 2003)**

##### **REU :**

In, May the last training Module on Poultry Farm Hygiene and Disease Control will be conducted.

##### **CBER :**

10 CBER staff will receive an in-country training for three months on Microsoft Access – Developer Level. This training has started and paid by ACDI/VOCA on August 2002.